



PRESS RELEASE

VERO ENERGY INC. REPORTS 100% FOURTH QUARTER DRILLING SUCCESS, PROVIDES FORECAST WITH INCREASED LIGHT OIL FOCUS

CALGARY, Alberta – January 20, 2011 - Vero Energy Inc. (TSX – VRO, “Vero” or the “Company”) is pleased to report drilling and operating results for the fourth quarter of 2010. During the quarter, Vero participated in the drilling of 10 (6.7 net) horizontal wells at a 100% success rate, including 7 (4.1 net) wells targeting light oil. Horizontal drilling activities consisted of 6 Cardium oil, 1 Viking oil, 2 Bluesky gas and 1 Rock Creek well. For the year 2010, the Company had 100% success drilling 31 (24.5 net) wells, of which 61% targeted light oil.

The quarter had a continued focus on evaluating its Cardium light oil play, with a total of 6 (3.1 net) horizontal oil wells drilled. The Company has made significant progress in delineating the Cardium opportunity. Three wells have been drilled and completed; one well awaiting completion and one well currently drilling in the northern portion of its land base, approximately 50 kilometres north west of the main industry activity at West Pembina. The most recent five Cardium wells brought on have initial daily average production rates of 365 boed, one month average rates of 255 boed and three month average rates of 200 boed. The Company has now drilled 7 wells using monobore technology. Four Cardium wells have been completed using foamed water fracs and a non-operated well has been completed with a slick water frac. Excellent results from these completions combined with monobore drilling has resulted in drill and completion cost reductions of over 25% to approximately \$2.6 million per well. The Company currently has over 1,500 boed producing from the Cardium sands with approximately 80% liquids, based on field estimates. There is approximately 300 boed of production expected to start up in the next few weeks; one well waiting on completion and another well is anticipated to finish drilling during the same timeframe. The Company continues to add to its land position and now has 177 gross (111 net) sections of Cardium rights. Approximately 135 locations have been identified, with potential to double that with ongoing delineation, continued strong commodity price and improving cost structures.

The Company is also excited with its significant first quarter 2011 Notikewin drilling program focused in the southern portion of our Edson core area at Brazeau. Vero has spent the last year building a land position offsetting two Vero horizontal wells that have cumulative production of 1.5 Bcfe and 1.9 Bcfe after 1.2 and 2.0 years respectively. The wells are currently still producing at approximately 1.8 and 1.5 mmcfed respectively. Vero plans to drill 3 (2.9 net) horizontal Notikewin wells in the first quarter. Recently, two offset wells drilled by another operator have shown similar characteristics to Vero’s original wells. One of these wells has been restricted and is currently producing approximately 5 mmcfed since being brought on in the fourth quarter of last year; and another one tested at over 14 mmcfed and has recently been brought on at similar rates to

the first well. These wells typically yield 30 bbls/mmcf of natural gas liquids and have a higher content of condensate than the Notikewin zone to the north. The Company believes this area has the potential for numerous follow up locations based on the interpretation of its three dimensional seismic and the area has excellent take away capacity. The Company currently has no reserves booked to this new development.

The Viking play is another liquids-rich gas play that the Company will pursue with horizontal wells on its land base of 65 gross (45 net) undeveloped sections in the Edson core area. The Viking is currently producing from vertical wells that have historically targeted high permeability conglomerates. Similar to the Pembina Cardium pool, there is a halo of tighter sands around the initial development. These Viking gas wells have historically yielded a high liquids rate of approximately 45 bbls/mmcf with over 52% condensate, a product which typically sells at a premium to light oil. The Viking has the potential to provide the Company with another solid economic, liquids-rich gas play. Vero has plans to drill its first well in the area in the first quarter of 2011.

The Company has 119 gross (84 net) undeveloped sections in the Edson core area with Wilrich potential where Vero has drilled 3 (2.8 net) wells to date and industry is very active around Vero's holdings. It is estimated that there are at least 80 locations on Vero's lands and with further delineation the Company believes it could increase the drilling inventory to over 160 locations based on spacing 3 - 4 wells per section. Plans are to resume drilling later in 2011.

The Company completed three wells in the past ten days that were carried over from the 2010 drilling program. Vero estimates current production of approximately 9,500 boed at 73% natural gas, based on field estimates. This represents a decrease in corporate gas weighting of 9% compared to a year ago due to the strategic capital shift and focus towards drilling light oil and select liquids rich plays. The Company also has two wells completed and waiting to be placed on production along with three wells remaining to be completed. The Company currently has three operated and one non-operated drilling rigs working.

2011 OUTLOOK

Building on the recent success and continued delineation of the Cardium across Vero's broad land base, the Company will continue to shift to a more oil weighted drilling program for 2011. The Company currently forecasts spending of approximately \$100 million in exploration and development capital to drill 26-28 net wells, of which approximately 70% are planned to be oil focused (18 – 20 net) wells. The remaining wells will be focused on high return liquids rich natural gas plays which, at the current gas and liquids commodity price forecasts yield Vero a \$6.25/mcfe average price.

The capital program is expected to be adequately financed through a combination of cash flow and available credit facilities. The program is flexible and can be changed quickly to accommodate significant movements in commodity prices. In the first quarter, Vero

currently expects to spend \$35 - \$40 million to drill approximately 9 - 11 gross (6 - 8 net) horizontal wells with approximately 5 - 6 wells targeting Cardium light oil. Gas well horizontal drilling is expected to consist of 4 Notikewin and 1 Viking.

Vero forecasts 2011 average production to be 10,000 – 10,500 boed which would equate to approximately a 20% growth over the Company's estimated 2010 average. The production mix is anticipated, based on the currently planned program, to drop the natural gas weighting to average in the low 70% range, exiting the year at approximately 65 - 69%. The forecast production growth and the continued shift in capital to light oil is expected to result in an estimated increase in funds flow of approximately 40% over 2010, based on the current commodity futures price. With the new plays in its Edson core and new core in North East British Columbia, the Company has identified a scalable and repeatable drilling inventory of over 390 horizontal locations. Due to Vero's focused and expansive land base that consists of multiple horizons, the Company can implement its capital program and place production on stream in a timely and efficient manner.

Vero Energy Inc. is a publicly traded Canadian energy company involved in the exploration, development and production of oil, natural gas and liquids in Alberta. The Company's shares trade on The Toronto Stock Exchange under the symbol **"VRO"**.

READER ADVISORY

Forward Looking Statements: Certain information regarding the Company in this news release including management's assessment of future plans and operations, future results from operations, production estimates, initial production rates, drilling inventory, number of potential drilling locations and wells to be drilled, timing of drilling and tie-in of wells, and production expectations, productive capacity of new wells, similarity of future planned wells to historical well drills potential prospectivity of our Cardium, Notikewin, Viking and Wilrich lands, future commodity mix and anticipated liquids content of future wells, the Company's planned 2011 and first quarter capital program 2011 production and future commodity price forecasts and funds flow estimates may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, the timing and length of plant turnarounds and the impact of such turnarounds and the timing thereof, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or, if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect the Company's operations and financial results are included in reports on file with

Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), and the Company's website (www.veroenergy.ca). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

***BOE Disclosure:** Disclosure provided herein in respect of barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 BBL is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

This press release is reproduced on Vero's website at www.veroenergy.ca. Also for the latest presentation and other information about Vero Energy Inc., please visit the website (www.veroenergy.ca).

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The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein.